

## Republic Financial Holdings Limited (RFHL) Results for the Half Year Ended March 31, 2020

### Key Points:

- Republic Financial Holdings Limited (RFHL) financial performance was impacted by the novel coronavirus (COVID-19), resulting in increased operating expenses during the latter half of March 2020 and additional provisions of \$367.7MM in HY2020 versus \$134.7MM in HY19 - \$137.7MM to cover potential future losses.
- The Group instituted several measures to assist clients, staff members and the community. Some of these include loan payment moratoriums, wavier of fees and charges and interest rate reductions on loans and advances including credit cards. The Group also contributed US\$2MM to national COVID-19 initiatives across the territories in which they operate.
- The acquisition of Scotiabank's banking operations in British Virgin Islands is ongoing and presently the Bank is engaged with the regulators in this territory to obtain the requisite approval.

### Diluted Earnings Per Share (EPS):

RFHL reported a diluted EPS for HY20 of \$3.33, down 31.06 per cent or \$1.50 per share on the corresponding period's diluted EPS of \$4.83 in HY19. The diluted EPS recorded in Q2 2020 of \$1.04 was the second lowest diluted EPS over the past eight years.

### Dividend:

The Board of Directors declared an interim dividend of \$0.60 per share in 2020 which was the lowest over the past eight years. The interim dividend was paid on June 05, 2020 to shareholders on record as at May 15, 2020.

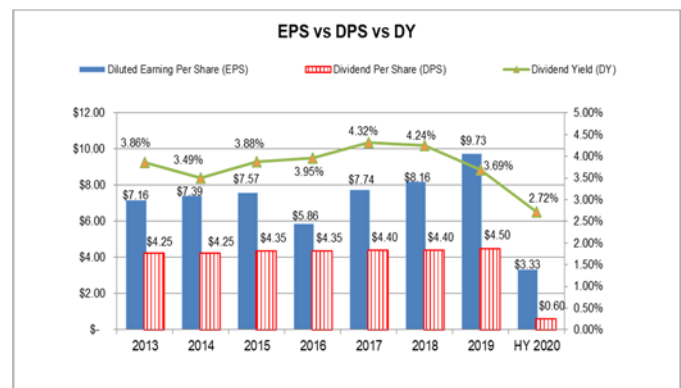
### Summary:

- At the current price of \$139.47 the trailing P/E ratio is 16.95 times which is below the banking sector weighted average P/E of 20.92 times. RFHL's trailing dividend yield is 2.76 per cent compared to the banking sector weighted average dividend yield of 3.79 per cent.
- Between FY 2013 & 2019 the Group has shown an average dividend payout ratio of 58 per cent.

Diluted EPS	Q1	Q2	Q3	Q4	Total
2020	2.29	1.04			3.33
2019	2.16	2.67	2.76	2.14	9.73
2018	2.10	1.91	2.12	2.03	8.16
2017	2.04	1.86	2.03	1.81	7.74
2016	1.90	1.73	1.98	0.25	5.86
2015	1.84	1.70	2.02	2.01	7.57
2014	1.80	1.67	1.91	2.01	7.39
2013	1.78	1.66	1.90	1.82	7.16

Financial Year End	September 30
<b>Sector</b>	<b>Banking</b>
Symbol on TTSE	RFHL
Issued Share Capital	162.78MM
Market Capitalization	\$23.03B
Current Price (July 15, 2020)	\$139.47
52 Week Price Range	\$121.01- \$145.50
Trailing Diluted EPS	\$8.23
Price to Earnings Multiple	16.95 x
Current Book Value/Share	\$63.06
Price to Book	2.21 x
Return on Equity	10.82%
Return on Assets	1.31%

Dividend	Interim	Final	Total	Dividend Yield
2020	0.60			2.72%
2019	1.25	3.25	4.50	3.69%
2018	1.25	3.15	4.40	4.24%
2017	1.25	3.15	4.40	4.32%
2016	1.25	3.10	4.35	3.95%
2015	1.25	3.10	4.35	3.88%
2014	1.25	3.00	4.25	3.49%
2013	1.25	3.00	4.25	3.86%



**Income Statement for the period ending March 31, 2020**

	HY20	HY19	\$ Change	% Change	Change	YE19
	\$'000	\$'000	\$'000	HY20 - HY19	HY20 - HY19	\$'000
Net Interest Income	2,033,131	1,778,698	254,433	14.30%	↑	3,814,361
Other Income	944,947	701,710	243,237	34.66%	↑	1,579,439
<b>Operating Income</b>	<b>2,978,078</b>	<b>2,480,408</b>	<b>497,670</b>	<b>20.06%</b>	<b>↑</b>	<b>5,393,800</b>
Write Back of Post Retirement Medical Benefit (PRMB)	0	438,397	(438,397)	-100.00%	↓	438,397
Operating Expenses	(1,754,344)	(1,293,669)	460,675	35.61%	↑	(2,941,806)
	<b>1,223,734</b>	<b>1,625,136</b>	<b>(401,402)</b>	<b>-24.70%</b>	<b>↓</b>	<b>2,890,391</b>
Profit/(Loss) of Assoc Companies	3,158	4,970	(1,812)	-36.46%	↓	5,980
<b>Operating Profit</b>	<b>1,226,892</b>	<b>1,630,106</b>	<b>(403,214)</b>	<b>-24.74%</b>	<b>↓</b>	<b>2,896,371</b>
Loan Impairment Expense	(382,818)	(161,954)	220,864	136.37%	↑	(226,176)
<b>Net Profit Before Taxation</b>	<b>844,074</b>	<b>1,468,152</b>	<b>(624,078)</b>	<b>-42.51%</b>	<b>↓</b>	<b>2,670,195</b>
Taxation	(235,365)	(292,948)	(57,583)	-19.66%	↓	(609,287)
Reversal of Deferred Tax on write back of PRMB provisions	0	(153,439)	(153,439)	-100.00%	↓	(153,439)
Reversal of Deferred Tax Asset for change in tax rates in Barbados	0	(191,816)	(191,816)	-100.00%	↓	(191,816)
<b>Net Profit After Taxation</b>	<b>608,709</b>	<b>829,950</b>	<b>(221,241)</b>	<b>-26.66%</b>	<b>↓</b>	<b>1,715,653</b>
Attributable to:						
Equity Holders of the Parent	543,339	783,351	(240,012)	-30.64%	↓	1,581,124
Non-Controlling Interest	65,370	46,599	18,771	40.28%	↑	134,529
	<b>608,709</b>	<b>829,950</b>	<b>(221,241)</b>	<b>-26.66%</b>	<b>↓</b>	<b>1,715,653</b>
EPS - Basic	\$3.34	\$4.83	(\$1.49)	-30.85%	↓	\$9.75
EPS - Diluted	\$3.33	\$4.83	(\$1.50)	-31.06%	↓	\$9.73

**Balance Sheet as at March 31, 2020**

	HY20	HY19	\$ Change	% Change	Change	YE19
	\$'000	\$'000	\$'000	HY20 - HY19	HY20 - HY19	\$'000
Total Assets	<b>98,443,050</b>	<b>83,463,199</b>	<b>14,979,851</b>	<b>17.95%</b>	<b>↑</b>	<b>87,483,888</b>
Total Liabilities	87,173,140	72,844,879	14,328,261	19.67%	↑	76,252,128
Total Equity	11,269,910	10,618,320	651,590	6.14%	↑	11,231,760
	<b>98,443,050</b>	<b>83,463,199</b>	<b>14,979,851</b>			<b>87,483,888</b>

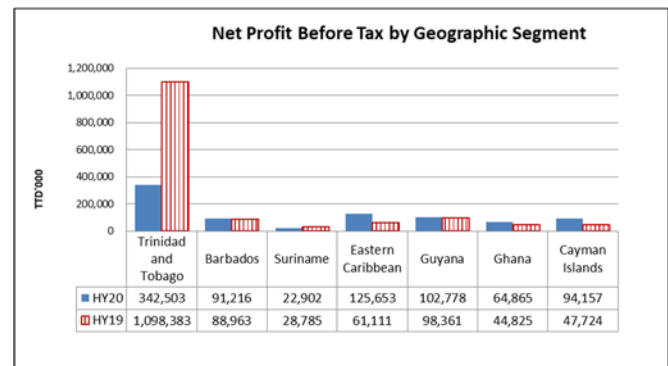
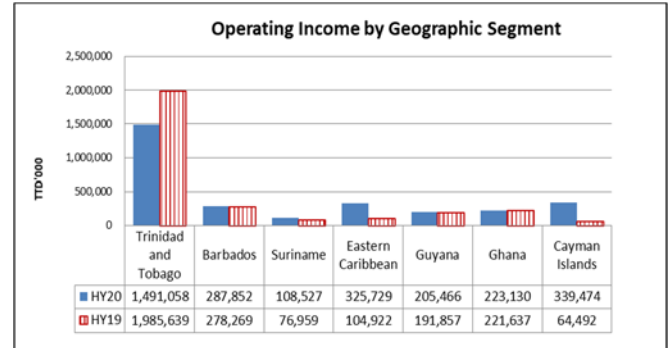
**Financials:**

- Operating Income closed at \$2.98B, up 20.06 per cent or \$497.67MM from HY19's total of \$2.48B.
- Net Profit Before Tax (NPBT) for HY20 stands at \$844.07MM, down 42.51 per cent or \$624.08MM from \$1.47B in HY19.
- Net Profit After Tax (NPAT) totaled \$608.71MM in HY20, down 26.66 per cent or \$221.24MM from \$829.95MM in HY19.
- Total Assets increased by 17.95 per cent or \$14.98B to \$98.44B in HY20, this was primarily due to the acquisition of Scotiabank's operations in St Maarten and the Eastern Caribbean. Total Liabilities amounted to \$87.17B in HY20 and Total Equity rose by 6.14 per cent or \$651.59MM to close at \$11.27B.

**Segments:**

- The major contributor to the Group's Operating Income for HY20 was the Trinidad and Tobago segment representing 50.01 per cent followed by the Cayman Islands segment with 11.39 per cent. In third place was the Eastern Caribbean segment holding 10.93 per cent of the Group's Operating Income.
- The Trinidad and Tobago segment was also the major contributor to the Group's NPBT representing 40.58 per cent followed by the Eastern Caribbean segment with 14.89 per cent. In third place was

the Guyana segment representing 12.18 per cent of the Group's NPBT.



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